

Message Text

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C O N F I D E N T I A L STATE 202932

E.O. 11652: GDS

TAGS: ETRD, EAGR, EFIN, US, PL

SUBJECT: JOINT AMERICAN-POLISH TRADE COMMISSION

REF: A) STATE 198880

U) STATE 200369

C) STATE 200371

SUMMARY: EFFORTS OF FOURTH SESSION TO PREPARE FOR FORTH-
COMING GIEREK VISIT WERE GENERALLY PRODUCTIVE. DRAFT
STATEMENT ON ECONOMIC, INDUSTRIAL, AND TECHNOLOGICAL
COOPERATION AND AGRICULTURAL TRADE DECLARATION WERE NEGO-
TIATED. SOME PROGRESS REGISTERED ON DANZIG GOLD/BONDS,
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AND USDA ANNOUNCED 20 MILLION DOLS CCC ONE-YEAR CREDIT

LINE FOR RICE, TOBACCO AND TALLOW. WHILE POLES WERE DISAPPOINTED OVER LACK OF FORWARD MOVEMENT ON PL-480 ROLLOVER, THEY GENERALLY PLEASED WITH RESULTS AND TONE OF MEETING. END SUMMARY.

1) FOLLOWING OBSERVATIONS INTENDED SUPPLEMENT INFORMATION REFTELS AND AS WELL AS AIRGRAM ON FISHING RIGHTS AND THE AGREED MINUTES BEING POUCHED. FOURTH SESSION, HELD SEPTEMBER 9-10 AFTER SERIES OF INFORMAL PREPARATORY MEETINGS THROUGHOUT PREVIOUS WEEK, WENT SATISFACTORILY AND SMOOTHLY ON WHOLE. GOOD PROGRESS WAS MADE IN WHAT BOTH SIDES AGREED WAS MAIN TASK: TO WORK OUT AGREEMENTS AND UNDERSTANDINGS IN THE ECONOMIC SPHERE FOR APPROVAL DURING GIEREK VISIT. DESPITE THEIR DISAPPOINTMENT ON A FEW ISSUES, POLES WERE GENERALLY PLEASED WITH RESULTS AND TONE OF COMMISSION MEETINGS AND DISCUSSIONS WITH SECRETARIES DENT, SIMON, AND BUTZ, DEPUTY SECRETARY INGERSOLL, AMBASSADOR EBERLE, ASSISTANT SECRETARY ENDERS, ACTING PRESIDENT AND CHAIRMAN EXIM SAUER, AND SENATOR MUSKIE. POLES ALSO PLEASED WITH HOSPITALITY, ESPECIALLY CAMP DAVID EXCURSION.

2) ECONOMIC, INDUSTRIAL AND TECHNOLOGICAL COOPERATION STATEMENT: THE DRAFT TEXT THAT WAS AGREED ON IS GENERALLY COUCHED STATEMENT OF GOOD INTENTIONS THAT CONTAINS LITTLE IN THE WAY OF SUBSTANTIVE CONCESSIONS BY EITHER SIDE, BUT SYMBOLIC VALUE ATTACHED TO SUCH DEVICES BY THE POLES SHOULD MAKE IT USEFUL IN OUR ECONOMIC RELATIONS. ITS PRINCIPAL FEATURES INCLUDE A PROJECTION THAT TRADE MAY REACH 1 BILLION DOLS IN 1976 AND 2 BILLION DOLS BY 1980; COMMITMENTS TO FACILITATE VARIOUS TYPES OF COOPERATION BETWEEN AMERICAN FIRMS AND POLISH ENTERPRISES AND ORGANIZATIONS; COMMITMENTS TO EXCHANGE INFORMATION THAT COULD FACILITATE EXPANDED COOPERATION IN INDUSTRIAL AND AGRICULTURAL PROJECTS; A PLEDGE TO CONTINUE COOPERATION IN FINANCIAL AND CREDIT RELATIONS; AND A COMMITMENT TO EXAMINE WAYS OF RESOLVING ADMINISTRATIVE, TAX, VISA, AND CUSTOMS PROBLEMS THAT MAY ARISE AND TO FACILITATE ACCESS TO MARKET INFORMATION, OPERATION OF BUSINESS OFFICES, AND TRADE PROMOTION. IN ADDITION, POLES PRESENTED WHAT THEY DESCRIBED AS QUOTE CONFIDENTIAL

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ACTION PROGRAM UNQUOTE FOR IMPLEMENTING COOPERATION STATEMENT. IT LISTS SPECIFIC AREAS FOR INDUSTRIAL AND TECHNOLOGICAL COOPERATION. WE WILL TAKE PROPOSAL UNDER ADVISEMENT.

3) BUSINESS RELATIONS: A) SCANT PROGRESS WAS ;ADE ON TWO ITEMS OF INTEREST TO US - BETTER EXCHANGE RATE FOR AMERICAN BUSINESSMEN IN POLAND AND REDUCTION OF FEES

AND OTHER RESTRICTIONS ON POLISH EMPLOYEES OF U.S. FIRMS TRAVELLING TO THE WEST ON BUSINESS. ON FORMER, POLES USED SMOKE SCREEN OF MAINTAINING THAT OFFICIAL EXCHANGE RATE COULD NOT BE SIGNIFICANTLY IMPROVED UNLESS USG WILLING TO MODIFY PL-480 EXCHANGE RATE CLAUSES; THEY OFFERED MORE FAVORABLE EXCHANGE RATE IF US WOULD AGREE TO FREEZE EXCHANGE RATE FOR FUTURE PL-480 REPAYMENTS AT 24:1. ON LATTER, POLES COULD GIVE US NOTHING EXCEPT ASSURANCES THAT THEY HAVE QUESTION UNDER STUDY.

B) POLISH REQUEST FOR BETTER VISA TREATMENT LED TO U.S. UNDERTAKING TO LOOK INTO ALLEGED CASES OF INCONSISTENT APPLICATION OF VISA LAWS AND REGULATIONS; POLES INDICATED THEY WOULD PROVIDE DETAILED INFORMATION ON A CASE-BY-CASE BASIS. TO POLISH REQUEST FOR TRADE PROMOTION OFFICE IN SOUTHERN U.S., WE INDICATED SUBSTANTIAL RESERVATIONS AND THAT WE COULD GO ON RECORD ONLY AS AGREEING TO TAKE REQUEST UNDER CONSIDERATION.

C) POLES UNDERTOOK TO REVIEW MAJOR USG EXPORT PROMOTION PROJECTS TO ASCERTAIN SUITABILITY FOR POLISH MARKET, AND TO STUDY PROPOSAL FOR WORKING GROUP ON EXCHANGE OF INFORMATION.

4) AGRICULTURAL MATTERS: A) DECLARATION ON DEVELOPMENT OF TRADE. POLES HAD VOLUNTEERED EXCHANGE OF AGRICULTURAL ECONOMIC INFORMATION DURING PRELIMINARY DISCUSSION OF DECLARATION THIS SUMMER. DETAILS OF INFORMATION EXCHANGE NOT YET DEFINED OTHER THAN A GENERAL STATEMENT THAT IT INCLUDES ESTIMATES ON SUPPLY AND DEMAND AND TRADE FOR MAJOR AGRICULTURAL COMMODITIES. POLES INITIALLY OFFERED PROVIDE LISTS OF COMMODITIES TO BE PURCHASED IN U.S. EACH YEAR (PARA 2) BUT WITHDREW OFFER. WHEN ADVISED
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THAT COUNTRIES WHICH DO NOT MAKE FULL DISCLOSURE SOMETIMES GET SECOND-ECHELON CONSIDERATION FOR CCC CREDIT, POLES AGREED TO LANGUAGE IN FINAL VERSION OF DECLARATION. POLES MADE EVERY EFFORT GET FIRM SUPPLY ACCESS GUARANTEE FROM U.S. PARA 3 AND 5 ARE COMPROMISE LANGUAGE. POLES OBJECTED TO WORD QUOTE DEVELOPED UNQUOTE IN PARA 4 BUT AGREED TO INCLUDE WHEN U.S. SIDE EXPLAINED IT UNDER INSTRUCTIONS TO LEAVE ROOM FOR MORE FAVORABLE TREATMENT OF LDCS. INCLUSION OF WORDS QUOTE SOCIALIST COUNTRIES UNQUOTE WAS INSISTED ON BY POLES, PRESUMABLY TO GIVE THEM EQUAL TREATMENT WITH ALL SOCIALIST COUNTRIES WHETHER DEVELOPED OR NOT. PARA 6 WAS LATE ADDITION REQUESTED BY POLES TO RECOGNIZE THAT DECLARATION COVERS MORE THAN U.S. EXPORTS. PERMANENT WORKING GROUP (PARA 8) IS TO BE FORUM FOR ANNUAL BILATERAL CONSULTATION AND FOR

EXPLORING POSSIBLE AGRICULTURAL COOPERATION. POLES
PRESSED HARD FOR EXPLICIT LANGUAGE ON POTENTIAL
AREAS OF COOPERATION IN RESEARCH AND TECHNOLOGY, BUT
USDA, IN VIEW OF EXPERIENCE WITH SOVIET AGREEMENT WHICH
DEMANDS LARGE COMMITMENT OF RESOURCES, PLAYED COOPERATION
DOWN TO MILDEST STATEMENT POSSIBLE WITHOUT REJECTING
POLISH REQUEST.

B) CCC CREDIT: POLES PRESENTED REQUEST FOR 55 MILLION
DOLS IN JULY. DURING MEETING USDA WAS ABLE TO ANNOUNCE
APPROVAL OF 20 MILLION DOLS LINE ON ONE-YEAR TERMS FOR
RICE, TOBACCO, AND TALLOW. ADDITIONAL 8 MILLION DOLS FOR
COTTON ON THREE-YEAR TERMS WAS BEFORE NAC, BUT FAVORABLE
DECISION NOT REACHED UNTIL AFTER COMMISSION SESSION
CONCLUDED. THE CREDIT FOR RICE HAS NOT BEEN ANNOUNCED
PUBLICLY BECAUSE USDA AUTHORITY TO APPROVE GRAINS ON
ONE-YEAR TERMS WITHOUT NAC CLEARANCE TEMPORARILY WITHDRAWN.

5) FINANCIAL WORKING GROUP: DISCUSSIONS CONCENTRATED
ON DANZIG GOLD AND BONDS, PL-480 ROLLOVER, AND THE 1968
ANNUITY AGREEMENT. SOME PROGRESS WAS REGISTERED ON
THE GOLD/BOND ISSUE IN COMMISSION MEETINGS AND SIDE
TALKS. WHILE THE POLES REITERATED THEIR STRONG OPPOSITION
TO USG INSISTENCE TO LINKING RESOLUTION OF GOLD RETURN
TO SATISFACTORY SETTLEMENT OF US BONDHOLDERS CLAIMS
AND MAINTAINED THAT THEIR CONTACTS WITH THE FOREIGN
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BONDHOLDERS PROTECTIVE COUNCIL MET THE REQUIRED CONDITION
FOR OUR CONSENT TO RELEASE GOLD, THEY EVENTUALLY DID
ACCEPT THE PRAGMATIC THOUGH NON-LEGAL LINKAGE OF GOLD/BOND
ISSUE. OUR POSITION ON ROLLOVER EMPHASIZED DIFFICULTY
SUCH A REQUEST POSES TO USG, WITH STATEMENTS THAT OUR
INABILITY TO ANSWER AT THIS TIME SHOULD NOT BE INTERPRETED
AS AN INDICATION OF THE FINAL OUTCOME. AT FINANCIAL
WORKING GROUP MEETING, WE BROUGHT UP POSSIBILITY OF
TERMINATION OF '68 ANNUITY AGREEMENT WITH PROTECTED PKO
RATE FOR ANNUITANTS, PRESENTING OFFER AS ADVANTAGEOUS TO
POLES DUE TO RESULTING DOLLAR INFLOW.

6) OTHER MATTERS: POLISH EFFORTS TO EXPAND THE SCOPE OF
THE TRADE COMMISSION MEETING TO COVER ENERGY, S AND T,
AVIATION, AND FISHING WERE DISCOURAGED.

A) POLES DISAPPOINTED THAT COMMISSION COULD NOT BE USED
AS FORUM FOR NEGOTIATING ON ARRANGEMENTS COVERING JOINT
RESEARCH AND S AND T IN COAL MINING AND COAL CON-
VERSION. WE HOPE TO HAVE READY FOR GIEREK VISIT AGREE-
MENT ON COAL RESEARCH. POLES MADE CLEAR THAT IN CONNECTION
WITH VISIT THEY STILL HOPE FOR ADDITIONAL FUNDING FROM

PL-480 ZLOTIES FOR S AND T. U.S. RESPONSE IS UNDER
CONSIDERATION BY STATE AND TREASURY.

B) POLES MET WITH STATE OFFICIALS ON LANDING RIGHTS IN
CHICAGO AND WERE GIVEN NO REPEAT NO ENCOURAGEMENT.

C) IN ANOTHER MEETING IN STATE, POLES WERE REBUFFED IN
THEIR PITCH FOR PACIFIC OCEAN BILATERAL FISHING AGREE-
MENT INCLUDING PACIFIC PORT RIGHTS FOR FISHING VESSELS.
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